



Colonial Pipeline Company

Sam Whitehead
Government Affairs Manager

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Dear Members of the Environment Committee:

Colonial Pipeline Company is an interstate common carrier of petroleum products. Each day, we deliver 100 million gallons of gasoline, kerosene, home heating oil, diesel fuel and national defense fuels to shipper terminals in 13 states. Our 5,500 mile system transports these fuels from Texas, Louisiana, Mississippi and Alabama refineries to marketing terminals located near the major population centers of the southeast and Eastern Seaboard. Colonial Pipeline is a significant transporter of heating oil and other refined petroleum products up the East Coast and some of our product eventually lands in Connecticut.

Colonial supports a transition from the current 3,000 ppm level to 500 ppm sulfur home heating oil in 2014, which also fits with the federal diesel schedule and marine requirements in 2015. We do not support SB-382 calling for 50 ppm heating oil in 2011, and 15 ppm in 2014. Normally, a minimum of four years is required to change fuel specifications in order to assure market normalcy.

Our primary concern is the lowering of sulfur in heating oil to 50 ppm in 2011 and 15 ppm by 2014. We recommend lowering the sulfur level to only 500 ppm, which would offer significant environmental benefit while providing significant and needed flexibility to the transportation and refinery segments. It would allow the opportunity to handle jet fuel/ULSD interfaces that will occur when 500 ppm distillates disappear.

On Colonial's system alone, we estimate that 6,000,000 barrels of jet fuel/ULSD interface is generated per year. Today, that interface volume is marketable as 500 ppm diesel or heating oil with a majority being distributed as heating oil. With the 500 ppm diesel being phased out, the 15 ppm heating oil limit would force this interface material to be segregated in tankage and transported to refineries to go through additional processing to lower the sulfur. The sulfur removal technology is only present at refineries. Obviously, this extra handling and processing will add a significant burden to the distribution and refining industry. We stress the need for further justification below the 500 ppm level and recommend the 50 ppm level be the absolute lowest level allowed, no sooner than 2018 to allow for the handling of jet fuel/ULSD interface material.

ULSD is available and used by a number of heating oil distributors already to provide fuel to those customers who want a cleaner fuel, or a fuel suitable for use in newer, high efficiency heaters and boilers. It is not necessary to mandate that all heating oil be ULSD to support such discretionary fuel choices by customers.

We urge the committee to seek a resolution that would offer significant environmental benefit while providing the necessary flexibility to the transportation and refinery segments.

Colonial Pipeline is committed to serving the energy needs of our customers in the Northeast well into the future and we appreciate the opportunity to comment on the proposed rule.

Sincerely,

A handwritten signature in cursive script that reads "Sam Whitehead". The signature is fluid and elegant, with a long, sweeping underline.

Sam Whitehead